REVENUE BUDGET POSITION AT BUDGET TIME AND NOW.

I explained to the Council yesterday the need for reviewing the financial situation in the light of events subsequent to the framing of the budget and I accordingly submit this note.

2. The original budget fore cast was as under:-

Total Revenue ..	Rs.3,06,25,000	Total expenditure	Rs.3,16,83,000
		Deduct.- Expenditure met from balances at credit of departments and reserves	Rs 11,22,000
		Surplus	Rs 64,000
	Rs.3,06,25,000		Rs.3,06,25,000

3. In reality and taking the year's revenues and all the demands upon them, the position was one of a deficit of Rs.11,22,000 - Rs.64,000 = Rs.10,58,000. It was possible to balance the budget because there were some past savings from which some of the current year's charges could be met. All such savings are now exhausted and this help will not be available from next year.

4. I shall indicate the factors which alter the original forecast, very much on the whole, for the worse.

Revenue.	Increase + Decrease - Rs.	Remarks.
Income-Tax ..	+ 2,00,000	Present forecast.
Sandal Oil Factory	- 5,20,000	Separate note put up.
	Rs- 3,20,000.	

Expenditure.	Increase ↑ Decrease ↓ Rs.	Remarks.
Sinking Fund	- 6,80,000	For 1 1/3 crores of 6¼ % 20 year debt for the full year (3,75,000) and for 2 crores 7 % 10 year debt for 8 month (10,00,000); against 7,00,000 in the budget.
Interest on Debt ..	- 1,50,000	Interest on 2 crores at 7 % for one full half year and for an average period of 1½ months for advance interest will be Rs9 lakhs; assuming interest credit of about a lakh and a half on investment of loan proceeds not immediately required for expenditure the net demand is 7½ lakhs --- against 6 lakhs in the budget.
Loan floatation charges	- 1,50,000	For brokerage, underwriting commission, advertisement, extra establishment and other charges.
General Administration	- 3,00,000	Total estimate of H.R.H. Prince of Wales visit not known. Eight lakhs assumed for this note.
Civil Works and Decennial Census.	- 1,00,000	Expenditure additional to budget.
High Prices Allowances	- 3,00,000	For a higher scale than was taken at budget time.
	Rs-21,80,000.	
Grand Total	Rs-25,00,000.	

3. It will be seen that the deterioration is as large as Rs25,00,000. In this calculation I have not taken into account any decline in Excise Revenue nor any further falling off in net Railway Revenues. Both these are uncertain factors but I have no data to form any forecast of decreases under these two heads.

6. As far as I can see, the measures necessary for saving the situation are the following:

(i) Recovery of the entire arrears of the Civil & Military Station surplus revenues.

(ii) Settlement of the amount of same surplus to be given to us annually.

(iii) Prompt and vigorous ~~xxxxx~~ measures for retrenchments.

(iv) Realisation from sandal wood of maximum possible revenue.

7. Measures (ii), (iii) and (iv) are equally necessary for reducing the Revenue Budget position of the next year into order.

D E W A N

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